

**BEFORE THE DEPARTMENT OF BANKING AND FINANCE  
STATE OF GEORGIA**

SOUTHEAST MORTGAGE OF  
GEORGIA, INC.

Petitioner

vs.

GEORGIA DEPARTMENT OF  
BANKING AND FINANCE

Respondent

REGINALD C. "CAL" HAUPT, III

Petitioner

vs.

GEORGIA DEPARTMENT OF  
BANKING AND FINANCE

Respondent

BEVERLY STRAKA

Petitioner

vs.

GEORGIA DEPARTMENT OF  
BANKING AND FINANCE

Respondent

JANICE DIANE SHELL

Petitioner

vs.

GEORGIA DEPARTMENT OF  
BANKING AND FINANCE

Respondent

**FILED**

**MAR 06 2014**

GEORGIA DEPARTMENT OF  
BANKING AND FINANCE

DOCKET NO. DBF-MBL-14-001

**CONSENT ORDER**

On March 6, 2014, the Georgia Department of Banking and Finance ("Department") issued a Notice of Intent to Revoke Annual License ("Notice") to Southeast Mortgage of Georgia, Inc. ("SEM"), mortgage lender license number 6578, Nationwide Mortgage Licensing System ("NMLS") number 103956. Also on this same day, proposed Orders to Cease and Desist ("Orders") were issued to Reginald

C. "Cal" Haupt, III, SEM CEO and President, Beverly Straka, SEM Executive Vice President, and Janice Diane Shell, SEM Executive Vice President, for violations of GRMA. The Notice and Orders alleged that Reginald C. "Cal" Haupt, III, Beverly Straka, and Janice Diane Shell (collectively "Owners") transacted business with a person who is unlicensed and unregistered and not exempt from licensing and registration requirements in violation of O.C.G.A. §7-1-1002(a) and (b) and further violated O.C.G.A. §7-1-1002(c), by directly or indirectly controlling a person who violated O.C.G.A. §7-1-1002 (a) and (b).

The parties have agreed to resolve all issues related to the Notice and Orders in their entirety. Accordingly, it is hereby ORDERED as follows:

1. SEM shall strictly comply with the terms of this Consent Order, the Georgia Residential Mortgage Act, O.C.G.A. § 7-1-1000 *et seq.*, as well as the Department's Rules enacted pursuant thereto.

2. The Owners shall strictly comply with the terms of this Consent Order, the Georgia Residential Mortgage Act, O.C.G.A. § 7-1-1000 *et seq.*, as well as the Department's Rules enacted pursuant thereto. Failure to do so may result in additional administrative action.

3. SEM shall adopt best practices for Quality Control, including the prevention and detection of loan origination by persons that do not have a current mortgage loan originator license. For purposes of this Consent Order, "Quality Control" shall mean a system of ensuring proper loan origination by licensed mortgage loan originators, especially by periodic, random inspection, to include but not be limited to:

- a. SEM shall develop and implement policies, procedures, and practices that will ensure compliance with all applicable Georgia laws and regulations. SEM shall adopt best practices, including but not limited to ensuring that its business operations and employees are subject to an appropriate level of supervision at all times. For the purposes of this Consent Order, "supervision" shall mean daily management and oversight that is reasonably designed to result in compliance with GRMA, and the rules of the Department by branch managers, licensed

mortgage loan originators and other non-licensed individuals in the employ of SEM.

- b. SEM shall maintain a record of the license numbers or exemption status of any loan originator, broker, lender or processor with whom SEM conducts business that falls within the scope of GRMA. This includes verifying the status of mortgage loan originator, broker and lender licenses.
- c. SEM shall expressly state in written policies and procedures, and enforce, the separation of assigned duties of both licensed and non-licensed employees. SEM shall not permit any employees to take a residential mortgage loan application or offer or negotiate terms of a residential mortgage loan unless that person is a mortgage loan originator licensed by the Department or is exempt from licensing. Nothing herein shall prohibit a loan processor from performing clerical or support duties subsequent to the receipt of an application, in accordance with O.C.G.A. §7-1-1000 (15) and O.C.G.A. § 7-1-1001(22).
- d. SEM shall establish a method used to monitor employee compliance and develop and maintain an independent audit function to test compliance policies referenced in paragraph 3, subparagraph c of this Consent Order.

4. Within sixty (60) days of the effective date of this Consent Order, SEM shall provide to the Department a written progress report detailing the actions that have been and will be undertaken to comply with the terms of this Consent Order.

5. Within ten business days of the date of entry of this Consent Order, SEM shall update its Disclosure Question responses on NMLS to reflect the entry of this Consent Order.

6. Within ten business days of the date of entry of this Consent Order, the Owners shall update their Disclosure Question responses on NMLS to reflect the entry of this Consent Order.

7. SEM shall pay fines to the Department in the amount of \$22,500 in full and final satisfaction of any and all monetary claims that have been brought by this agency in connection with the

violations for which the proposed Notice of Intent to Revoke Annual License dated March 6, 2014 was issued. SEM has satisfactorily remitted payment to the Department related to the assessed fines.

8. Southeast Mortgage of Georgia shall contribute \$2,000 to the State Regulatory Registry, LLC a wholly-owned subsidiary of the Conference of State Bank Supervisors ("CSBS") to support the Nationwide Mortgage Licensing and Registry. This contribution shall be paid in certified funds, be made payable to the State Regulatory Registry, LLC, and shall be remitted to the Department contemporaneously with the execution of this Consent Order.

9. Reginald C. Haupt, III shall contribute \$1,000 to the State Regulatory Registry, LLC a wholly-owned subsidiary of the Conference of State Bank Supervisors ("CSBS") to support the Nationwide Mortgage Licensing and Registry. This contribution shall be paid in certified funds, be made payable to the State Regulatory Registry, LLC, and shall be remitted to the Department contemporaneously with the execution of this Consent Order.

10. The Department shall rescind the Notice issued on March 6, 2014.

11. The Department shall rescind the proposed Orders to Cease and Desist issued on March 6, 2014.

12. All written notifications and requests for approval required by this Consent Order shall be mailed to:

Georgia Department of Banking and Finance  
Attn: Director of Non-Depository Financial Institutions Division  
2990 Brandywine Road, Suite 200  
Atlanta, Georgia 30341

13. SEM waives its right to a hearing regarding the Notice of Intent to Revoke Annual License issued on March 6, 2014.

14. The Owners waive their rights to hearings regarding the proposed Orders to Cease and Desist issued on March 6, 2014.


15. The entry of this Consent Order will resolve the administrative actions pending against SEM and the Owners that were identified by the Department in its Notice and proposed Orders.


16. The terms of this Consent Order may be enforced by the Department in accordance with and pursuant to state law including but not limited to O.C.G.A. §§ 7-1-1017(g) and 7-1-1018(b).

17. This Consent Order shall be regarded as a public document that the Department may publish in the same manner as a final order of this agency.

SO ORDERED AND ENTERED, this 6<sup>th</sup> day of March 2014.

Consented to by:

  
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Kevin Hagler  
Commissioner  
Georgia Department of Banking and Finance

  
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Rod Carnes, Deputy Commissioner  
Department of Banking and Finance  
2990 Brandywine Road, Suite 200  
Atlanta, Georgia 30341

Date 03/06/14

 Date 3/6/14

Reginald C. "Cal" Haupt, III  
Southeast Mortgage of Georgia, Inc.  
3496 Club Drive  
Lawrenceville, Georgia 30044  
*In his individual capacity and as CEO and  
President of Southeast Mortgage of Georgia, Inc.*

 Date 3/6/14

Janice Diane Shell  
Southeast Mortgage of Georgia, Inc.  
3496 Club Drive  
Lawrenceville, Georgia 30044  
*In her individual capacity and as Executive Vice  
President of Southeast Mortgage of Georgia, Inc.*

 Date 3-6-14

Beverly Straka  
Southeast Mortgage of Georgia, Inc.  
3496 Club Drive  
Lawrenceville, Georgia 30044  
*In her individual capacity and as Executive Vice  
President of Southeast Mortgage of Georgia, Inc.*